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**Alberta**

**Day Care**

**Funding**

**Reforms**

- Childcare Subsidies
- Operating Allowance



***Day Care Programs***

Alberta Family and Social Services  
July 1990



**Alberta**

**Day Care**

**Funding**

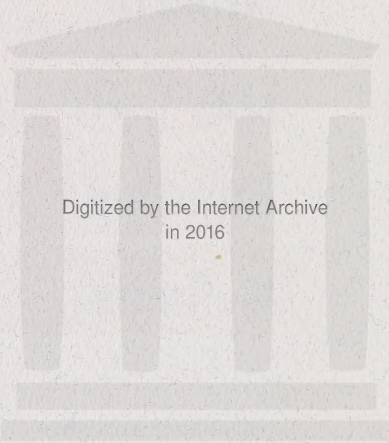
**Reforms**

- Childcare Subsidies
- Operating Allowance



***Day Care Programs***

Alberta Family and Social Services  
July 1990



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## Message From The Minister

Since 1980, the Government of Alberta has provided extensive financial support to day care programs.

Although the structure of that support is now changing, it continues to be an essential component of government services which help strengthen the families of Alberta.

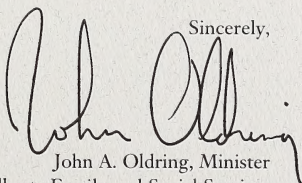
In the past, a large proportion of government day care funding was allocated to the Operating Allowance Program, which provides a subsidy for all families using day care centre services, regardless of family income.

In order to help more families become economically strong, and at the same time provide effective management of public funds, government support of the day care system will now focus on the Child Care Subsidy Program which assists lower income families.

The Operating Allowance Program will not be eliminated, but a large proportion of its funding will be re-allocated to an expanded Child Care Subsidy Program over a period of four years.

I believe that it is the responsibility of government to ensure that funding is targeted to programs which help those who most require assistance, and which encourage self-sufficiency and independence.

Day care options help Albertans ensure quality care for their children while parents access employment, education and training opportunities. By targeting increased funding to assist lower income Albertans, we provide a fairer system of subsidization and we help more families participate in the economic life of our province.

Sincerely,  


John A. Oldring, Minister  
Alberta Family and Social Services

## Introduction

In March of 1990, the Government of Alberta introduced a White Paper entitled "Meeting the need... a fairer, better system for Albertans."

For the first time since 1980, Alberta's Day Care Program was about to be reformed significantly, and the introduction of a White Paper ensured that Albertans had an opportunity to impact the reforms.

Albertans responded to the call for public input with more than 2,400 letters and phone calls. Through meetings and forums held throughout the province, another 5,000 people met directly with senior officials and program planners within the Department of Family and Social Services to share their views.

In every meeting, and in every phone call and letter, Albertans expressed the value they place on quality care for children. The White Paper became more than an invitation to address specific concerns; it began a province-wide examination of the role of day care in our society.

Parents, day care operators and staff, day care advocates, and the general public all contributed to this process. Based on their input, reforms have been developed which reflect the views and concerns of thousands of Albertans.

The development and provision of day care programs is a continuing process which does not stop with the introduction of these reforms. Their impact will be carefully monitored throughout the implementation period, particularly in the case of smaller, rural and employer-supported day care centres, and middle income families.

## Synopsis

This brochure outlines reforms to government funding of the Alberta day care system. Between November 1, 1990, and July 1, 1994, funding will be directed away from the Operating Allowance Program, which subsidizes all families, to the Child Care Subsidy Program, which subsidizes lower income Albertans.

Government funding of day care will not decrease, and the expanded Child Care Subsidy Program will result in the most generous program of its kind in Canada. Families with incomes of up to \$48,000 may be eligible for subsidization, depending on family size and ages of children in day care.

Every attempt has been made to provide accurate estimates of the effect of these reforms, but much of the impact on families will depend on fees set by day care operators.

All tables and graphs in this brochure show projected fee increases which directly reflect reductions in Operating Allowance payments. It is presumed that day care operators will increase their fees in response to decreases in Operating Allowance funding.

Operators may, in fact, choose to increase their fees more than shown, but this cannot be attributed to Operating Allowance reductions. The actual cost of day care to parents, especially in the case of higher income families, will be determined by the fees set by operators throughout the implementation period.

# Funding Reforms

## Operating Allowance Program

### Operating Allowance Funding

A large proportion of Operating Allowance funding, which provides a universal subsidy of all children, will be re-directed to the Child Care Subsidy Program which subsidizes lower income families.

This will ensure that more of the government funding of day care programs is allocated to a program which takes into consideration the financial strength of families using day care.

Each year of the implementation period, there will be a decrease in Operating Allowance paid to day care centre operators. This begins November 1, 1990, with subsequent adjustments introduced July 1, 1991 through to July 1, 1994, until a flat monthly rate of \$50 per enrolled child remains. The total reduction for young infants is slightly more than \$200, however, the decrease for older preschoolers is only \$15 per child.

The payment schedule adjustments are outlined below:

**Monthly Operating Allowance Rate Per Enrolled Child**

Child's Age	Previous	Nov1/90	July1/91	July1/92	July1/93	July1/94
0 -12 mo	\$257	\$257	\$200	\$150	\$100	\$50
13 -18 mo	257	190†	160	110	80	50
19 -35 mo	131	110†	110	100	70	50
3 - 4.5 yr	78	78	78	78	60	50
4.5 + yr	65	65	65	65	55	50

† Reduction based on adjusted staff:child ratios

*Source: Alberta Family and Social Services*

The number of age categories has been increased to reflect changes in staff:child ratios. Details of licensing reforms are outlined in the Day Care Licensing Reforms brochure available from your local MLA constituency office and the toll free distribution centre at 1-800-661-9691.



## Operating Allowance Freeze

In 1986, a freeze on new Operating Allowance funded spaces was introduced in response to a very high vacancy rate in day care centres, and anticipated federal government initiatives in support of day care centre funding.

With the introduction of long term reform to provincial government day care funding, and in the absence of new federal programs, there is no further need for a freeze which restricts growth in the day care system.

The freeze is lifted as of November 1, 1990. These new spaces will be funded at \$50 per enrolled child.

Operators of new or existing centres may apply for an exemption to have new spaces funded at the regular rate schedule throughout the four-year reform implementation period.

To obtain an exemption for a new centre, operators must submit an application for licensing and a program proposal, in the appropriate form, by October 1, 1990; demonstrate a substantial material commitment by November 1, 1990; be approved for an exemption; and commence centre operation by September 1, 1991.

Day care operators interested in obtaining an exemption should contact regional licensing offices of Alberta Family and Social Services for more information.

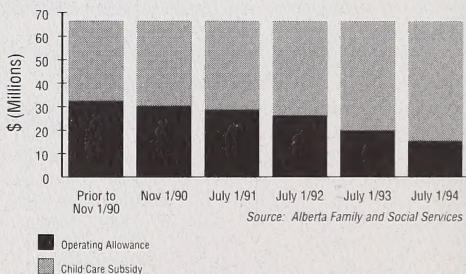
# Child Care Subsidy Program

## Child Care Subsidy Funding

As Operating Allowance rates are decreased, day care operators will, most likely, increase their fees. Fee increases will be offset for lower income parents through an expanded Child Care Subsidy Program. Higher income parents will pay an increased proportion of the actual costs of their child's day care.

All funding re-directed from the Operating Allowance Program will be re-allocated to the Child Care Subsidy Program, which assists lower income families. This expansion begins November 1, 1990, with subsequent increases July 1, 1991 to 1994. July 1 was selected for subsequent years because enrollments are lowest at that time of year, and changes therefore affect the fewest parents possible.

Projected Proportion of Funding Allocated to the Child Care Subsidy and Operating Allowance over Implementation Period



At the end of the implementation period, funding of the Child Care Subsidy Program will have increased by about 50 percent, and the program will be able to accommodate an additional 5,000 children.

Although the amount of subsidization through this program will increase, the method of subsidy payment will not change. Child Care subsidies will continue to be paid to day care operators on behalf of enrolled children.

## Maximum Subsidy Rate

The maximum subsidy rate per child will increase at approximately the same rate as the decrease in Operating Allowance funding. This will protect families who are eligible for maximum subsidy from increases in parent fees. Families who are eligible for maximum subsidy have the lowest income of families receiving Child Care subsidies.

There is no expectation of increased parent fees as a result of the first Operating Allowance changes introduced November 1, 1990. This is because adjusted staff:child ratios ensure that day care operators are able to maintain their previous level of Operating Allowance revenue. In addition, maximum subsidy rates will not change in the first year.

This means that until July 1, 1991, the maximum subsidy rate per family remains \$240 monthly for the first child and \$280 for each additional child.

In subsequent years, it is expected that day care operators will increase parent fees in direct relation to Operating Allowance decreases for each age group. The maximum subsidy rate will be increased to offset those projected fee increases, as follows:

**Estimated Increases in Day Care Centre Fees and Maximum Child Care Subsidy Rates**

	Nov. 1/90	July 1/91	July 1/92	July 1/93	July 1/94	Total
Estimated Increases in Parent Fees over Previous Year						
0 - 12 months	0	55	50	50	50	205
13 - 18 months	0	30	50	30	30	140
19 - 35 months	0	0	10	30	20	60
3 - 4.5 years	0	0	0	20	10	30
4.5 + years	0	0	0	10	10	20
Estimated Increases in Maximum Subsidy Rate						
0 - 12 months	0	60	50	50	50	210
13 - 18 months	0	60	50	30	30	170
19 - 35 months	0	0	0	30	20	50
3 - 4.5 years	0	0	0	0	20	20
4.5 + years	0	0	0	0	20	20

Source: Alberta Family and Social Services

The subsidy paid on behalf of eligible children in Family Day Homes will be maintained at the rate for older children in day care centres, as there is no change to the administrative fee paid to Family Day Home agencies and they are not affected by the reduction in Operating Allowance.

## Subsidy Eligibility

In each year of the implementation period, more families will become eligible for subsidy, and the income levels at which families may continue to qualify for maximum subsidy will be increased by about 20 percent over four years.

By July 1, 1994, families with gross incomes of up to \$48,000 may be eligible for some subsidization, depending on family size, income and the age of children in care.

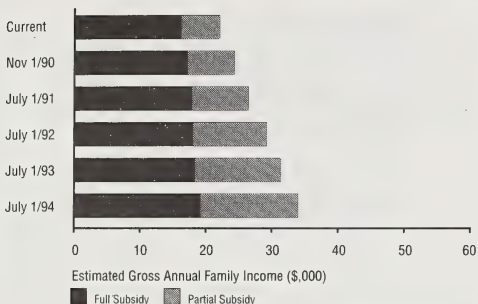
In addition, partial subsidies will be decreased more gradually in relation to increased family income than was previously the case. Under the new system, families receiving the Child Care Subsidy will have a decrease of \$5 for every \$10 increase in net family income. For example, if you receive a net raise of \$100 per month, your subsidy may be decreased by \$50 per month. Previously, the decrease was as much as \$80 for every \$100 increase in monthly income.

Estimates of the impact of the reforms on parent fees are outlined in the following pages. However, these are estimates only, and show only a representative sample of family types. Ninety-eight percent of all families receiving subsidies are one- and two-parent families with one or two children.

A self-assessment guide has been developed to help parents estimate the amount of subsidy for each implementation year. This provides a more detailed and accurate estimation of subsidy eligibility based on family income. The guide is available through regional subsidy offices, as of August 1, 1990.

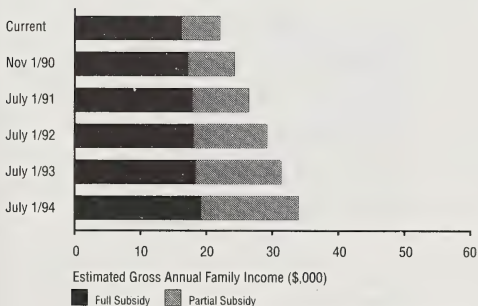


**1 Parent - 1 Child (Young Infant)  
Full and Partial Subsidy Range**



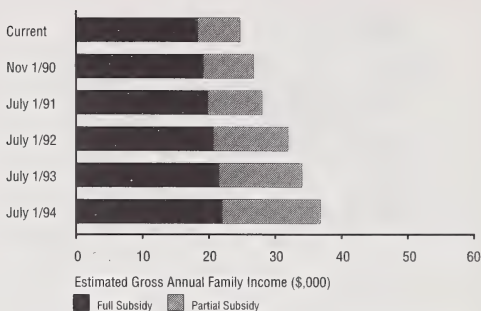
Source: Alberta Family and Social Service

**1 Parent - 2 Children (Young Infant & Toddler)  
Full and Partial Subsidy Range**



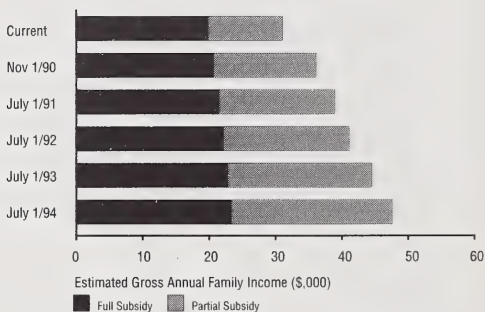
Source: Alberta Family and Social Service

### 2 Parent - 1 Child (Young Infant) Full and Partial Subsidy Range



Source: Alberta Family and Social Service

### 2 Parent - 2 Children (Young Infant & Toddler) Full and Partial Subsidy Range



Source: Alberta Family and Social Service

**Estimated Impact of Funding Reforms by Selected Family Types and Incomes**  
**Single Parent Families**

One Parent/One Child (Young Infant)

Gross Annual Family Income		\$15,000		\$20,000		\$25,000		\$30,000		\$35,000		\$40,000		\$45,000		\$48,000	
Net Monthly Family Income		\$ 1,080		\$ 1,430		\$ 1,790		\$ 2,150		\$ 2,510		\$ 2,870		\$ 3,230		\$ 3,450	
Time	Average Monthly* Day Care Fee	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount
Current (to Nov.1/90)	350	110	240	262	88	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A
Post Nov. 1/90	350	110	240	235	115	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A
July 1/91	405	105	300	205	200	385	20	405	N/A	405	N/A	405	N/A	405	N/A	405	N/A
July 1/92	455	105	350	180	275	360	95	455	N/A	455	N/A	455	N/A	455	N/A	455	N/A
July 1/93	505	105	400	155	350	335	170	505	N/A	505	N/A	505	N/A	505	N/A	505	N/A
July 1/94	555	105	450	130	425	310	245	490	65	555	N/A	555	N/A	555	N/A	555	N/A
Change**	205	(5)	210	(132)	337	(40)	245	140	65	205	N/A	205	N/A	205	N/A	205	N/A

One Parent/Two Children (Young Infant and Toddler)

Gross Annual Family Income		\$15,000		\$20,000		\$25,000		\$30,000		\$35,000		\$40,000		\$45,000		\$48,000	
Net Monthly Family Income		\$ 1,080		\$ 1,430		\$ 1,790		\$ 2,150		\$ 2,510		\$ 2,870		\$ 3,230		\$ 3,450	
Time	Average Monthly* Day Care Fee	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount
Current (to Nov.1/90)	660	140	520	210	450	485	175	660	N/A	660	N/A	660	N/A	660	N/A	660	N/A
Post Nov. 1/90	660	140	520	205	455	385	275	565	95	660	N/A	660	N/A	660	N/A	660	N/A
July 1/91	730	150	580	190	540	370	360	550	180	730	N/A	730	N/A	730	N/A	730	N/A
July 1/92	775	145	630	160	615	340	435	520	255	700	75	775	N/A	775	N/A	775	N/A
July 1/93	855	145	710	145	710	315	540	495	360	675	180	855	N/A	855	N/A	855	N/A
July 1/94	925	145	780	145	780	290	635	470	455	650	275	830	95	925	N/A	925	N/A
Change**	265	5	260	(65)	330	(195)	460	(190)	455	(10)	275	170	95	265	N/A	265	N/A

One Parent/Three Children (Young Infant, Toddler and Four Year Old)

Gross Annual Family Income		\$15,000		\$20,000		\$25,000		\$30,000		\$35,000		\$40,000		\$45,000		\$48,000	
Net Monthly Family Income		\$ 1,080		\$ 1,430		\$ 1,790		\$ 2,150		\$ 2,510		\$ 2,870		\$ 3,230		\$ 3,450	
Time	Average Monthly* Day Care Fee	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount
Current (to Nov.1/90)	950	150	800	173	777	413	537	701	249	950	N/A	950	N/A	950	N/A	950	N/A
Post Nov. 1/90	950	150	800	150	800	340	610	520	430	700	250	880	70	950	N/A	950	N/A
July 1/91	1005	105	900	105	900	310	695	490	515	670	335	850	155	1005	N/A	1005	N/A
July 1/92	1065	115	950	115	950	295	770	475	590	655	410	835	230	1015	50	1065	N/A
July 1/93	1165	135	1030	135	1030	290	875	470	695	650	515	830	335	1010	155	1120	45
July 1/94	1245	125	1120	125	1120	255	990	435	810	615	630	795	450	975	270	1085	160
Change**	295	(25)	320	(48)	343	(158)	453	(266)	561	(335)	630	(155)	450	25	270	135	160

\*Estimated day care fees are increased to maintain current levels of revenue to operators, i.e., equal to current fee and operating allowance. The impact of increased costs due to implementation of Staff Qualifications Project not included.

\*\*Change indicated is decrease ( ) or increases in parent portion at completion of implementation period.

NOTE: These subsidy amounts are for the specified ages of children in each example. Because subsidy maximums change with the ages of the child, the quoted subsidy amounts would also change if different examples had been used, e.g., one parent, one 5 year old.

Source: Alberta Family and Social Services

# Estimated Impact of Funding Reforms by Selected Family Types and Incomes Two Parent Families

## Two Parents/One Child (Young Infant )

Gross Annual Family Income		\$15,000		\$20,000		\$25,000		\$30,000		\$35,000		\$40,000		\$45,000		\$48,000	
Net Monthly Family Income		\$ 1,080		\$ 1,430		\$ 1,790		\$ 2,150		\$ 2,510		\$ 2,870		\$ 3,230		\$ 3,450	
Time	Average Monthly* Day Care Fee	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount
Current (to Nov.1/90)	350	110	240	140	210	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A
Post Nov. 1/90	350	110	240	135	215	315	35	350	N/A	350	N/A	350	N/A	350	N/A	350	N/A
July 1/91	405	105	300	105	300	285	120	405	N/A	405	N/A	405	N/A	405	N/A	405	N/A
July 1/92	455	105	350	105	350	260	195	440	15	455	N/A	455	N/A	455	N/A	455	N/A
July 1/93	505	105	400	105	400	235	270	415	90	505	N/A	505	N/A	505	N/A	505	N/A
July 1/94	555	105	450	105	450	210	345	390	165	555	N/A	555	N/A	555	N/A	555	N/A
Change**	205	(5)	210	(35)	240	(140)	345	40	165	205	N/A	205	N/A	205	N/A	205	N/A

## Two Parents/Two Children (Young Infant and Toddler)

Gross Annual Family Income		\$15,000		\$20,000		\$25,000		\$30,000		\$35,000		\$40,000		\$45,000		\$48,000	
Net Monthly Family Income		\$ 1,080		\$ 1,430		\$ 1,790		\$ 2,150		\$ 2,510		\$ 2,870		\$ 3,230		\$ 3,450	
Time	Average Monthly* Day Care Fee	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount
Current (Nov.1/90)	660	140	520	140	520	343	317	631	29	660	N/A	660	N/A	660	N/A	660	N/A
Post Nov. 1/90	660	140	520	140	520	295	365	475	185	655	5	660	N/A	660	N/A	660	N/A
July 1/91	730	150	580	150	580	280	450	460	270	640	90	730	N/A	730	N/A	730	N/A
July 1/92	775	145	630	145	630	250	525	430	345	610	165	775	N/A	775	N/A	775	N/A
July 1/93	855	145	710	145	710	225	630	405	450	585	270	765	90	885	N/A	885	N/A
July 1/94	925	145	780	145	780	200	725	380	545	560	365	740	185	920	5	925	N/A
Change**	265	5	260	5	260	(143)	382	(251)	516	(100)	365	80	185	260	5	265	N/A

## Two Parents/Three Children (Young Infant, Toddler and Four Year Old)

Gross Annual Family Income		\$15,000		\$20,000		\$25,000		\$30,000		\$35,000		\$40,000		\$45,000		\$48,000	
Net Monthly Family Income		\$ 1,080		\$ 1,430		\$ 1,790		\$ 2,150		\$ 2,510		\$ 2,870		\$ 3,230		\$ 3,450	
Time	Average Monthly* Day Care Fee	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount	Parent Portion	Subsidy Amount
Current (to Nov.1/90)	950	150	800	150	800	277	693	565	385	853	97	950	N/A	950	N/A	950	N/A
Post Nov. 1/90	950	150	800	150	800	260	690	440	510	620	330	800	150	950	N/A	950	N/A
July 1/91	1005	105	900	105	900	230	775	410	595	590	415	770	235	950	55	1005	N/A
July 1/92	1065	115	950	115	950	215	850	395	670	575	490	755	310	935	130	1045	20
July 1/93	1165	135	1030	135	1030	210	955	390	775	570	595	750	415	930	235	1040	125
July 1/94	1245	125	1120	125	1120	175	1070	355	890	535	710	715	530	895	350	1005	240
Change**	295	(25)	320	(25)	320	(102)	397	(210)	505	(318)	613	(235)	530	(55)	350	55	240

\*Estimated day care fees are increased to maintain current levels of revenue to operators, i.e., equal to current fee and operating allowance. The impact of increased costs due to implementation of Staff Qualifications Project not included.

\*\*Change indicated is decrease ( ) or increases in parent portion at completion of implementation period.

NOTE: These subsidy amounts are for the specified ages of children in each example. Because subsidy maximums change with the ages of the child, the quoted subsidy amounts would also change if different examples had been used, e.g., one parent, one 5 year old.

Source: Alberta Family and Social Services



# Meeting The Need

The reforms to government funding of Alberta's day care system will target funds to help lower income Albertans provide care for their children, so that future generations of Albertans can establish and maintain economic strength.

The Operating Allowance Program will continue to subsidize part of the cost of day care for all children, but the largest proportion of government funding will be directed to an expanded Child Care Subsidy Program.

The funding reforms will be of great help to an estimated 2,400 families who are currently on, or close to being eligible for, partial subsidy. Over four years, their day care costs may decrease by as much as \$250 per month depending on family size, income, and number of children in day care.

About 7,500 families who are currently on or near maximum subsidy, will be protected from the expected increase in day care fees. They will see little, if any, change in their day care fees as maximum subsidy rates are increased by approximately the same amount as Operating Allowance reductions.

Approximately 3,500 families will see some increase in their day care costs, but will also qualify for a partial subsidy. The amount of subsidy will depend upon family size, income and number of children in day care.

Higher income families will pay more of the actual cost of their child's day care as the Operating Allowance is reduced. However, this will occur gradually over four years, and will not affect children currently in preschool day care.

**Meeting the need...**

**with a fairer, better system for Albertans.**



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